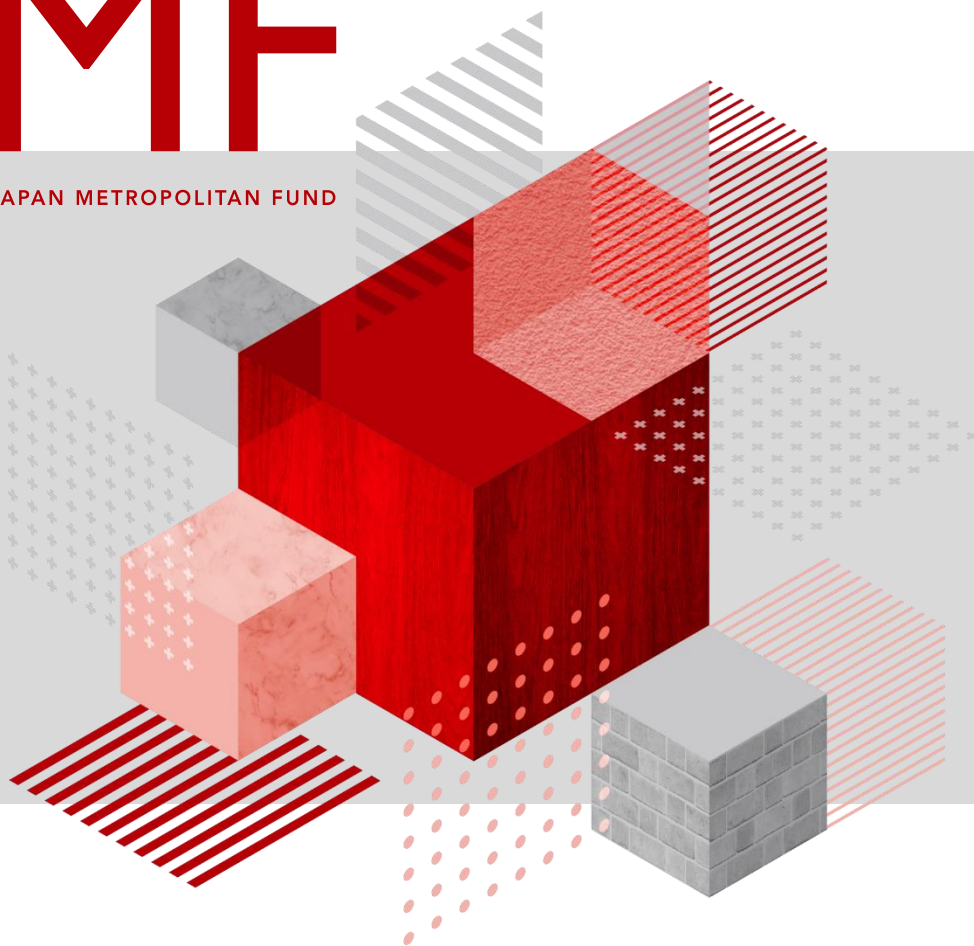


Security code 8953



**40<sup>th</sup>**

## Investor Presentation

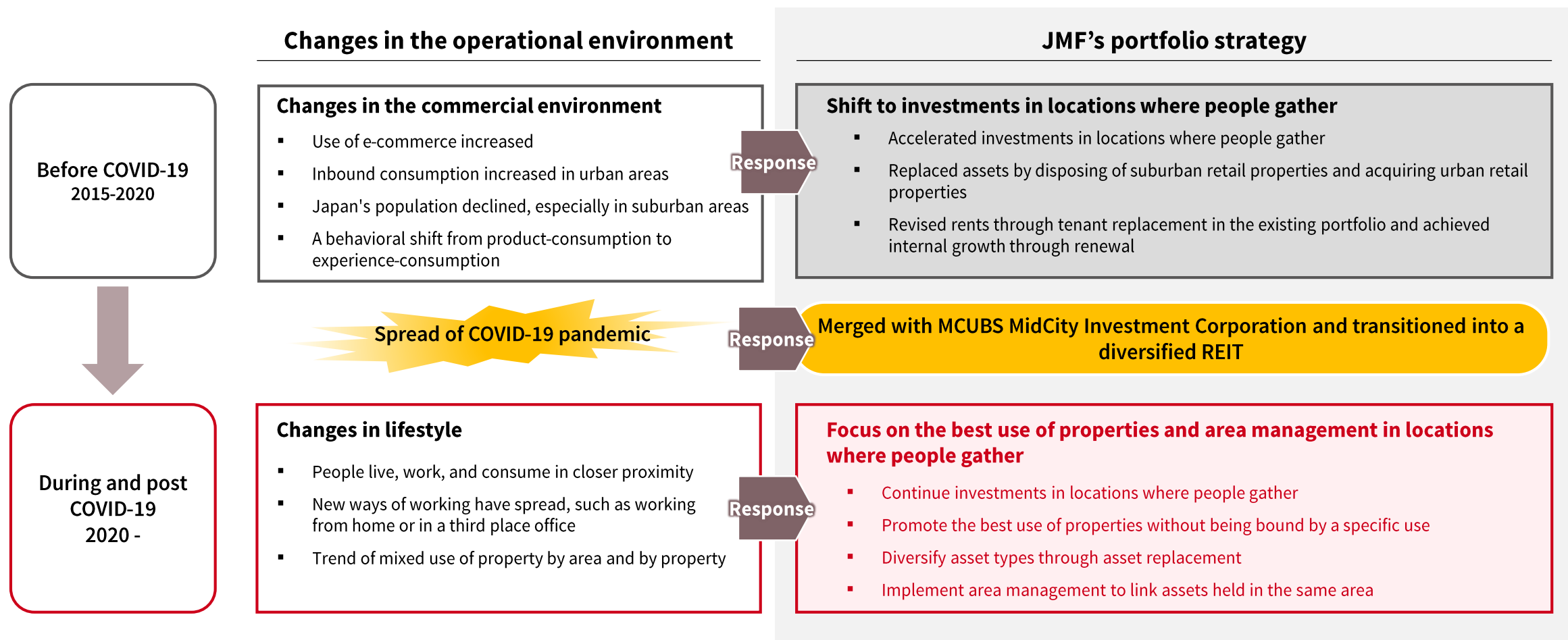
February 2022 (40th) Period (September 1, 2021 - February 28, 2022)

Update on Apr. 28, 2022

Japan Metropolitan Fund Investment Corporation

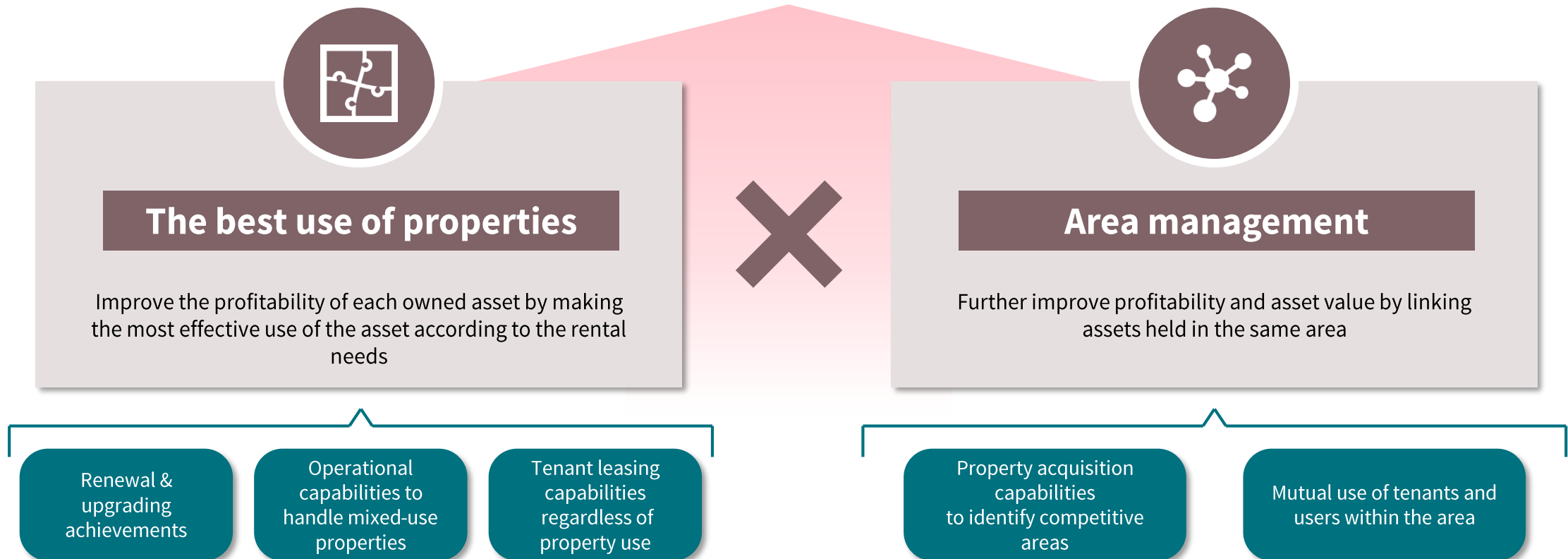
<https://www.jmf-reit.com/english>

# Respond quickly to changes in the operational environment and build a portfolio flexibly



# Maximize profitability and asset value by combining the best use of properties and area management

## Maximize profitability and asset value



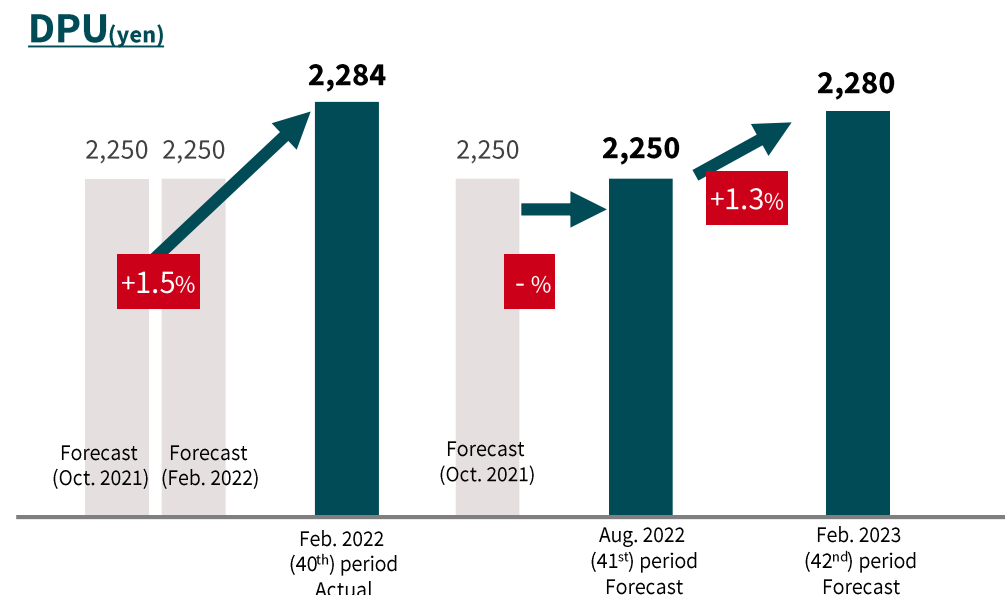
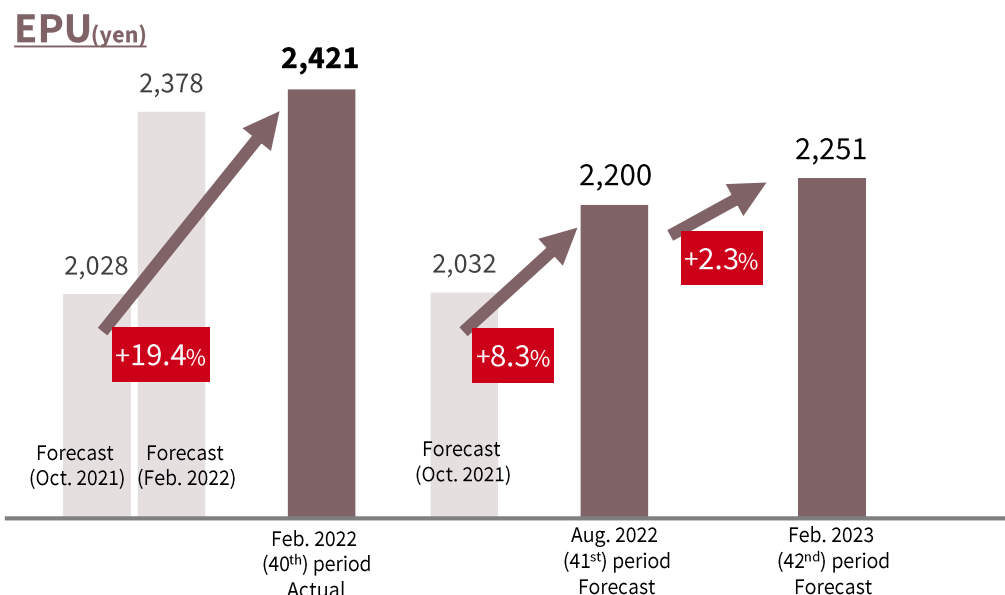
# EPU level recovered significantly from the previous forecast; aim to further improve EPU/DPU

	Feb. 2022 (40 <sup>th</sup> ) period Actual	Aug. 2022 (41 <sup>st</sup> ) period Forecast	Feb. 2023 (42 <sup>nd</sup> ) period Forecast
<b>EPU</b>	<b>2,421yen</b>	<b>2,200yen</b>	<b>2,251yen</b>
	VS. Oct. 2021: +19.4% Previous forecast Feb. 2022: + 1.8%	VS. Oct. 2021: +8.3% Previous forecast	VS. 41 <sup>st</sup> forecast: +2.3%
<b>DPU</b>	<b>2,284yen</b>	<b>2,250yen</b>	<b>2,280yen</b>
	VS. Oct. 2021: +1.5% Previous forecast Feb. 2022: +1.5%	VS. Oct. 2021: -% Previous forecast	VS. 41 <sup>st</sup> forecast: +1.3%

EPU levels on a stable earnings basis\*

**2,250 yen or more  
is expected**

- End of downtime
- Property acquisition using cash on hand



\* Values are estimated based on the NOI disclosed in the latest appraisal report of the assets that are expected to be owned as of the end of Feb. 2023 (42<sup>nd</sup>) fiscal period.

# Asset replacement progressed steadily, with prospects for completion of lease-up of low occupancy properties



## External growth

Replaced assets at a faster than expected pace while expanding investment methods

- Announced acquisition of 4 properties worth 47.7 billion yen
- Announced disposition of 5 properties for 34.1 billion yen, earning an estimated gain of 5.7 billion yen
- Announced new and additional investments in private REITs
- Announced the launch of positive impact investment
- Cash reserves of over 20 billion yen



## Internal growth

Lease-up of low occupancy properties is almost complete; further promoted tenant replacement for the best use of properties

- Most of the properties for which leasing was strengthened in the previous fiscal year have already been leased up
- Occupancy rate remained stable at around 99% for the entire portfolio
- Accumulated numerous cases of tenant replacement for the best use of properties
- Launched “Tsunagu Pass,” an area management program utilizing DX



## Finance

Continued debt cost reduction through refinancing backed by high creditworthiness

- Reduced debt cost by refinancing approximately 23.5 billion yen (effect on DPU: +6 yen)
- Issued 5-year green bonds of 5 billion yen



## ESG

Steadily achieved medium- and long-term KPIs, including achieving record-high scores in GRESB and CDP

- Achieved the highest GRESB rating of 5 Star with a record score of 90
- Earned a record score of A- in the CDP Climate Change Program
- Increased the share of electricity from renewable energy to 10.9%
- Newly obtained green building certifications for 4 properties

# Maximize EPU and maintain or improve DPU by appropriately identifying changes in the operational environment

	Recognition of the operational environment	Asset Management Policy
External growth strategy	<ul style="list-style-type: none"> <li>The property market is booming with many new players entering the market</li> <li>Cap rates remain tight regardless of property type</li> <li>The number of deals increased due to profit generation needs of operating companies and fund exits against the backdrop of a booming market</li> </ul>	<b>Further strengthen off-market transactions</b> <ul style="list-style-type: none"> <li>Conduct exchange transactions through direct negotiations that assume asset replacement</li> <li>Conduct transactions through direct negotiations based on long-established relationships</li> <li>Continue to develop diverse investment methods and property uses</li> </ul>
Internal growth strategy	<div>Retail</div> <ul style="list-style-type: none"> <li>Winners and losers within an area and among properties became clear</li> <li>Demand increased from tenants for luxury or service stores and showrooms</li> <li>Occupancy by office tenants increased</li> </ul> <div>Office</div> <ul style="list-style-type: none"> <li>The upward trend in vacancy rates slowed</li> <li>Tenant occupancy increased</li> </ul>	<b>Pursue potential upside utilizing our differentiated asset management capability</b> <ul style="list-style-type: none"> <li>Synergy through mixed-use leasing strategy without limiting property usage as to adapt to changes in tenant needs</li> <li>Strategic tenant replacement through implementation of DX and ESG enhancement</li> <li>Implement area-management activities such as mutual customer transportation by collaborating with nearby facilities</li> </ul>
Financial strategy	<ul style="list-style-type: none"> <li>While long-term interest rates are rising, especially in the U.S., the rate increase in Japan is limited, and there has been no major change in the lending attitude of financial institutions</li> <li>Favorable debt financing environment continued</li> </ul>	<b>Strengthen financial stability and reduce debt costs</b> <ul style="list-style-type: none"> <li>Continue to build strong lender relationships with new sponsor</li> <li>Continue refinancing with long-term fixed bonds</li> <li>Aim to reduce debt costs through refinancing</li> <li>Consider repurchasing own investment units depending on the unit price</li> </ul>
ESG	<ul style="list-style-type: none"> <li>More investors include ESG perspectives in their investment decisions</li> <li>Demand for renewable energy is on the increase</li> <li>Efforts have been accelerated to obtain SBT Initiative Certification to limit the average temperature increase to 1.5°C</li> </ul>	<b>Solidify the position as a leading ESG company in the J-REIT industry</b> <ul style="list-style-type: none"> <li>Promote switching to renewable energy</li> <li>Conduct scenario analysis in accordance with TCFD recommendations</li> </ul>

**Maximize EPU**  
**Maintain or improve DPU**

# KKR, one of the world's largest alternative asset managers, becomes the new asset management company sponsor



## New sponsor “KKR”

- KKR is a leading global investment firm with USD471bn (¥55 trillion) of AUM and 1,900+ employees
- Over 45 years of investment experience
- On-the-ground presence with office in Tokyo since 2006
- The investment will be held on KKR's balance sheet and MC-UBSR will become a key part of KKR's APAC real estate strategy as a subsidiary solely controlled by KKR



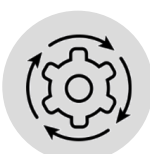
## “Business as usual” for JMF

- No changes to the investment policies of JMF
- Committed JMF management teams remain in place to ensure continued operational stability
- No material dependence on current sponsors for the day-to-day management of JMF



## Growth opportunities stemming from network of corporate relationships

- Since KKR has extensive relationships with both Japanese and international corporates as well as portfolio company relationships (across private equity, real estate, infrastructure, and other sectors), expected to generate robust real estate deal flow on top of JMF's independent sourcing capabilities
- KKR expects to deploy its M&A and capital markets expertise to create inorganic growth opportunities together with MC-UBSR on behalf of JMF unitholders
- KKR to employ first class investment management oversight over MC-UBSR to ensure operational excellency and enhance unitholder return



## Continued operational excellence and ESG focus

- KKR is fully committed to supporting JMF's environmental, social, and governance (“ESG”) efforts and improving their sustainability footprint
- KKR will support MC-UBSR in continuing to recruit top-tier talent
- KKR has a strong focus on human capital, and intends to implement agile corporate management practices
- KKR will provide internal specialist resources in areas such as financing, operations, macro strategy and senior advisory

## Asset

No. of properties	<b>128</b> properties
Asset size	<b>1,211.3</b> bn yen
Appraisal value	<b>1,309.1</b> bn yen
Unrealized gain	<b>152.8</b> bn yen
NOI yield <sup>1</sup>	<b>4.5</b> %
NOI yield after depreciation <sup>1</sup>	<b>3.5</b> %

## Debt

Interest-bearing debt	<b>549.6</b> bn yen
LTV ratio	<b>44.1</b> %
Average debt cost	<b>0.73</b> %
Average loan term remaining until maturity	<b>4.6</b> years
Credit ratings (JCR)	<b>AA</b> (Stable)

## Equity

Market capitalization <sup>2</sup>	<b>650.6</b> bn yen
NAV per unit <sup>3</sup>	<b>108,900</b> yen
Balance of reserve	<b>6.0</b> bn yen

1. Including dividends income  
 2. As of the end of Feb. 2022  
 3. (Net assets + Unrealized profits and losses - Total distribution) / Total units outstanding





# Contents

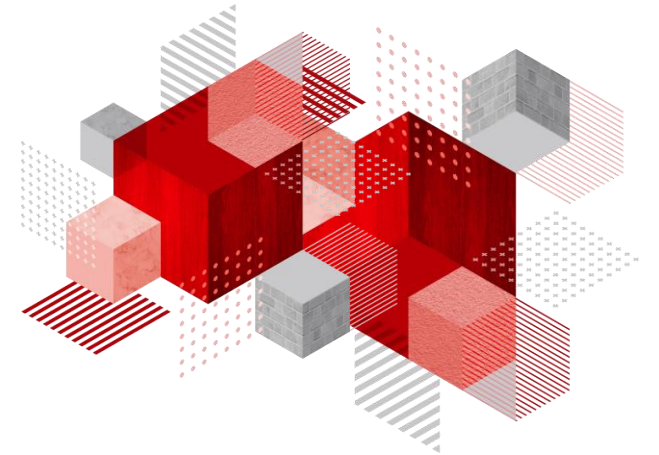
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01	External Growth	P.10
02	Internal Growth	P.14
03	Finance	P.25
04	ESG	P.27
05	Financial Results and Forecasts	P.32

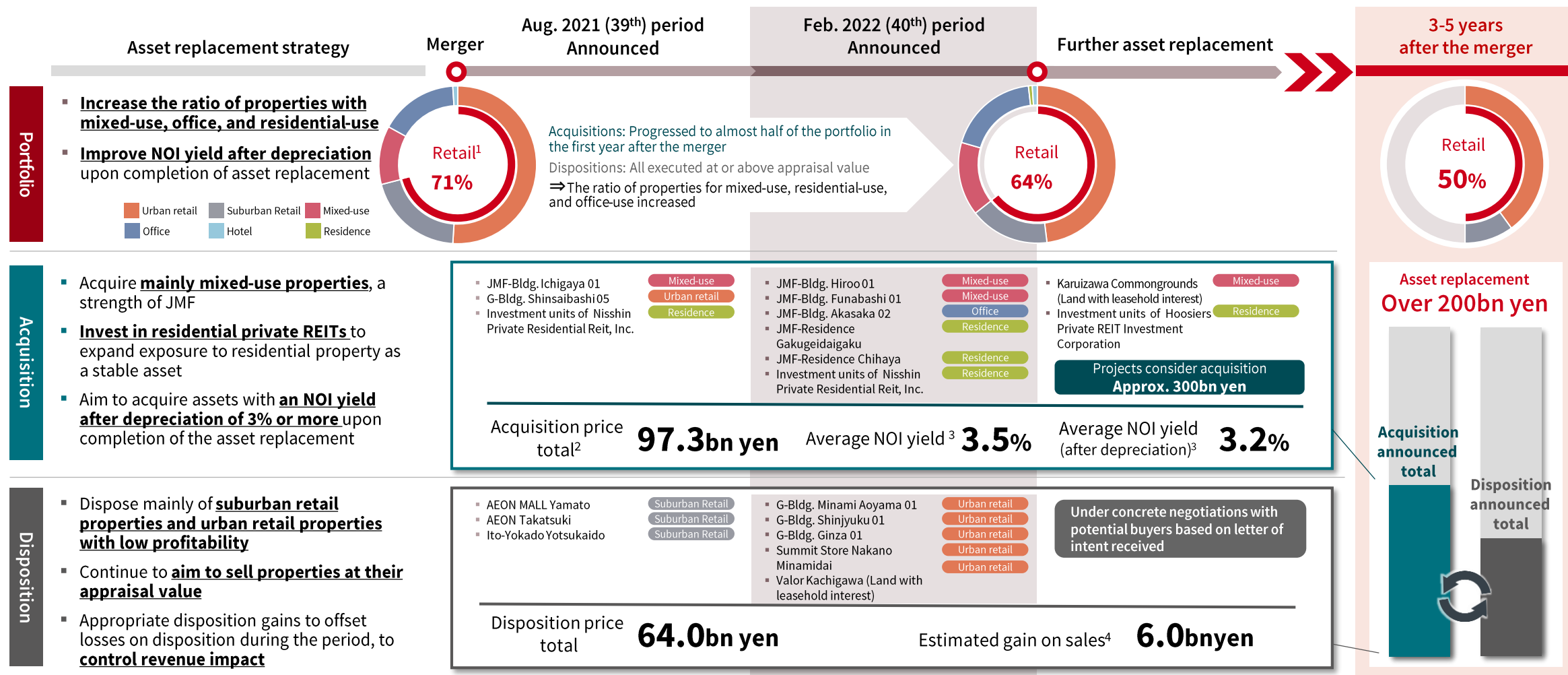
JMF

01

# External Growth



# Acquire properties that meet the yield targets for asset replacement and execute property dispositions that secure gains on dispositions



1. Based on acquisition price  
2. Includes the total investment amount in private REITs  
3. Calculated including distributions from investment in private REITs  
4. Calculated by deducting the sum of the book value and the asset disposition costs from the disposition price.

# Aggressively working to expand investment methods that can ensure high profitability

## 1 Invest in Private Residential REITs

### Acquire exposure to residential property with high profitability

Expand investment and management opportunities in residential properties that offer a dividend yield of 4% or more

### Further promote external growth

With regard to properties developed by the sponsors of private REITs, possibility of joint acquisition of large-scale properties that private REITs would have difficulty acquiring on its own and properties outside the investment criteria for private REITs

#### Nisshin Private Residential Reit, Inc. (NSPR)

Additional investment

Continue to acquire investment units of the private residential REIT whose main sponsor is NISSHIN GROUP HOLDINGS Company, Limited, a condominium developer

Total investment amount	<b>3,569mn yen</b>
Distribution yield	<b>4.3%</b>

#### Hoosiers Private REIT Investment Corporation (HPR)

New investment

Newly acquire investment units of the private residential REIT that invests mainly in rental housing whose sponsor is Hoosiers Holdings, a condominium developer

Total investment amount	<b>1,100mn yen</b>
Distribution yield	<b>4.8%</b>

## 2 Positive Impact Investing

### Expand the scope of ESG initiatives

New ESG initiatives that directly link investment in real estate to the realization of a sustainable society

### Earn stable, long-term revenues

Earn stable, long-term returns that meet the “market-level, and sustainable returns” required by the Positive Impact Real Estate Investment Framework

#### Karuizawa Commongrounds (Land with leasehold interest)

(Karuizawa-machi, Kitasaku-gun, Nagano)

Mixed-use

Plan to acquire in December 2022



Acquire land with leasehold interest through a sale and leaseback transaction in Karuizawa area, which is attracting attention as a “third place” for people in the wake of the COVID-19 pandemic, from Culture Convenience Club Co.,Ltd. that uses the land for a local community creation project

Acquisition price	<b>499mn yen</b>
NOI yield after depreciation	<b>4.7%</b>

# Earned approximately 6.0 billion yen in disposition gains after the merger, and aim to earn further gains in the future

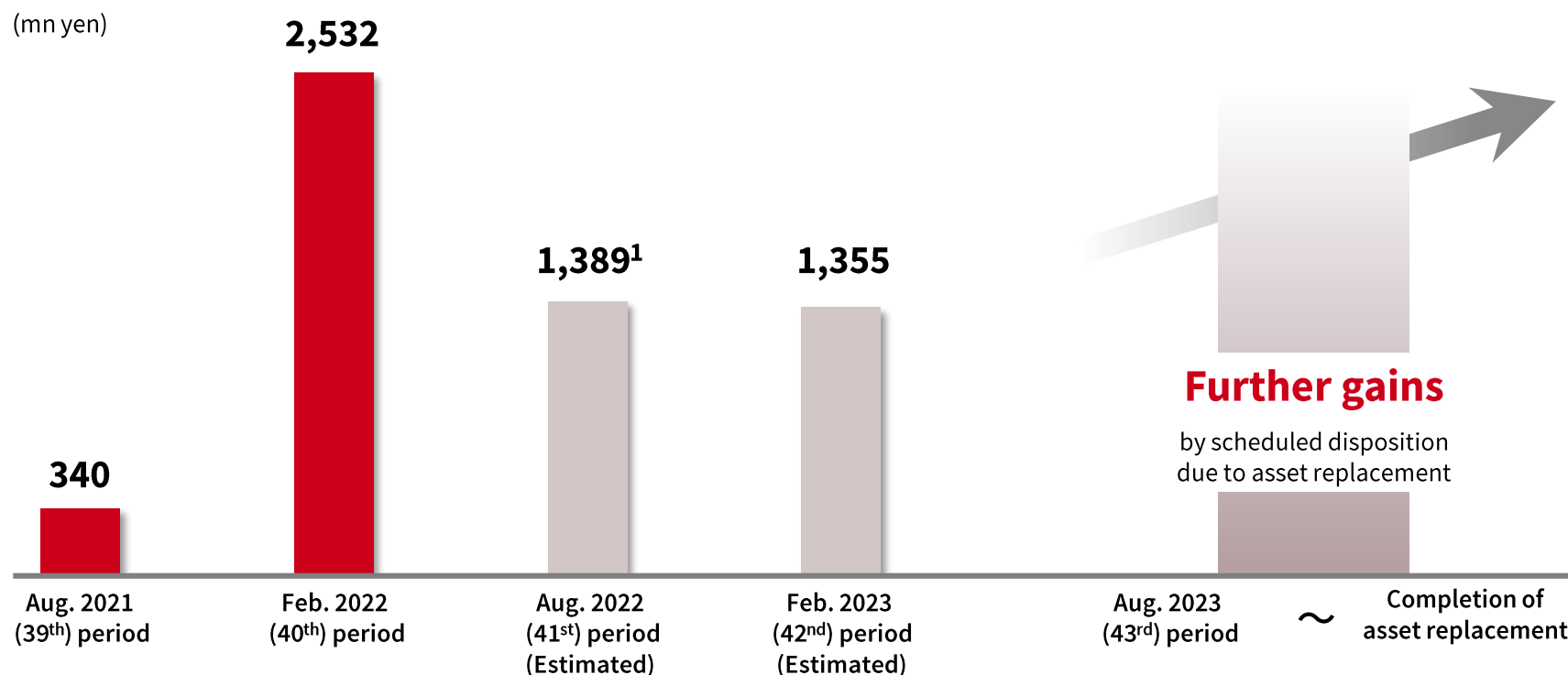
3-5 years after the merger

< Estimated disposition gains >

**Approx. 6bn yen** (Announced disposition : 64bn yen)

Disposition planned total:

**Approx. 140bn yen**(unrealized gains : over approx. **7** bn yen<sup>2</sup>)

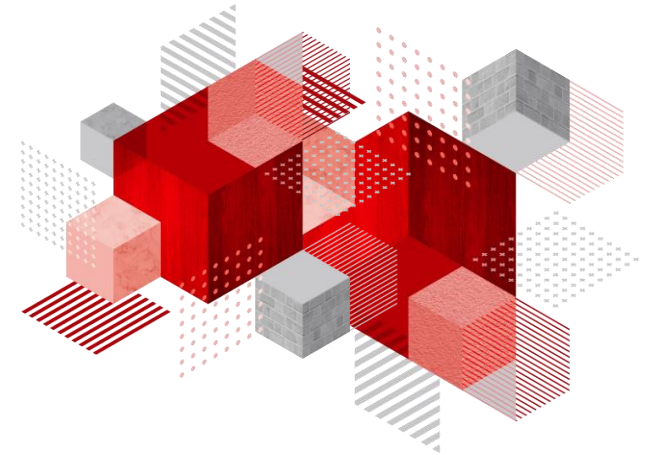


1. Includes expected gain on sale of property, although no transfer has been determined as of the date of this presentation material.  
 2. Calculated by subtracting the book values from the latest appraisal values as of Feb. 2022 (40<sup>th</sup>) fiscal period of the assets set for disposition

JMF

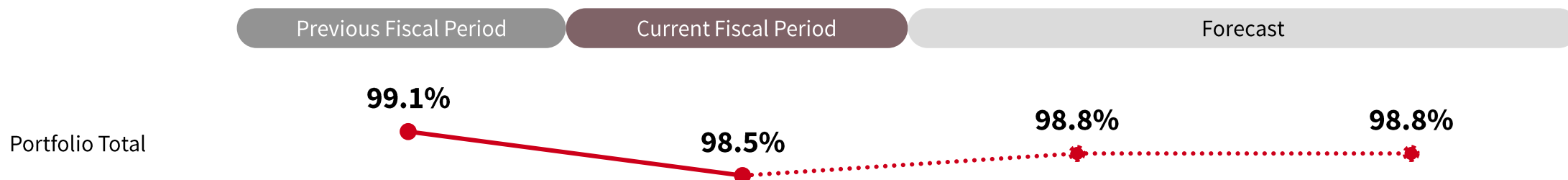
02

## Internal Growth



# Overall portfolio maintains a high occupancy rate of around 99%

## Occupancy Rate<sup>1 2</sup>



Type of Use	Aug. 2021 (39 <sup>th</sup> ) period	Feb. 2022 (40 <sup>th</sup> ) period	Aug. 2022 (41 <sup>st</sup> ) period (Forecast)	Feb. 2023 (42 <sup>nd</sup> ) period (Forecast)
Retail	99.8%	99.1%	99.5%	99.6%
Mixed-use & Office	95.2%	94.7%	94.9%	94.2%
Residence	-	98.6%	95.4%	96.2%
Hotel	100.0%	100.0%	100.0%	100.0%

1. Based on the contracted area occupied in the total leasable area of the property.
2. As of the end of each fiscal period



# Sales of retail facilities have tended to exceed the last year's level and are more than 90% of the level of the year before last

over100%

90% - 100%

Monthly comparison vs. last year

Property Name		2021				2022	
		Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
Tokyo area	GYRE	109%	123%	138%	133%	171%	111%
	La Porte Aoyama	102%	122%	127%	140%	179%	111%
	KAWASAKI Le FRONT	99%	110%	102%	102%	110%	103%
	MARINE & WALK YOKOHAMA	116%	143%	133%	140%	185%	152%
	Machinoma Omori	123%	118%	112%	110%	107%	111%
	Abiko Shopping Plaza	106%	99%	98%	102%	106%	102%
Osaka area	KAMISHIN PLAZA	97%	102%	101%	102%	100%	97%
	Kyoto Family	92%	94%	96%	94%	94%	91%
	Nara Family	97%	99%	98%	99%	97%	93%
Nagoya area	mozo wonder city	90%	99%	102%	107%	104%	84%*
Other area	Oyama Yuen Harvest Walk	90%	111%	105%	101%	116%	108%

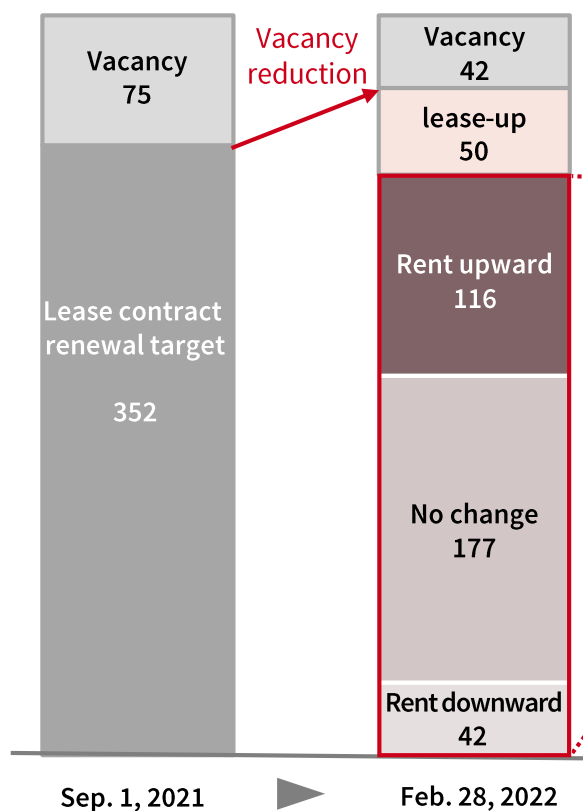
Monthly comparison vs. two years ago

2021						2022	
Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
90%	99%	101%	97%	96%	102%		
70%	101%	95%	97%	95%	71%		
82%	153%	124%	104%	110%	110%		
74%	121%	107%	116%	102%	88%		
135%	142%	134%	147%	144%	136%		
98%	106%	101%	102%	104%	96%		
94%	112%	103%	107%	100%	95%		
79%	98%	94%	94%	96%	88%		
75%	106%	95%	95%	86%	93%		
79%	96%	88%	94%	82%	78%*		
75%	116%	104%	95%	106%	100%		

\* Due to a temporary decrease in the number of operating tenants due to the renewal

# Steadily increase or maintain rent at lease renewal time and reduce vacancies through lease-up

Leasing results for blocks for leasing<sup>1,2</sup>



Rent increase **+87mn yen / FP**

Effect on the DPU<sup>3</sup> **+12yen**

	Retail	Office	Residence
	Area subject to rent revision increased significantly due to renewal of mozo wonder city, etc.	Continued to revise rents upward mainly in the Osaka area	Renewed leases in the residential blocks of JMF-Bldg. Ichigaya 01
Rent upward	85	30	1
No change	115	60	2
Rent downward	33	9	—
Total	233	99	3

Rent increase<sup>4</sup>

**+3.1%**

**+2.0%**

**+3.2%**



## Rent Gaps (Office)

As of the end of Feb. 2022

**+0.6%**  
(VS. 39<sup>th</sup> FP+3.8%)

Tokyo area	<b>+9.8%</b> (VS. 39 <sup>th</sup> : +4.9%)
Osaka area	<b>-9.4%</b> (VS. 39 <sup>th</sup> : +2.0%)
Other areas	<b>-14.9%</b> (VS. 39 <sup>th</sup> : +0.5%)

\* Please refer to page 37 for the notes to this page.

### JMF-Bldg. Ginza Chuo-Dori 01 (Chuo-ku, Tokyo)

**Promote mixed-use through strategic tenant replacement that utilizes location advantage**

Aug. 2021

100.0%

Feb. 2022

100.0%

✓ Succeeded in strategic replacement between luxury brand tenants

- Replaced tenant without lowering the rent level on a stable earnings base, even with the declining market rents in Ginza
- Collected penalties for early lease termination from existing tenant
- The successor tenant will be a luxury brand, opening one of the world's largest flagship stores

✓ On the upper floors, some of the food and beverage tenants have been replaced by offices

- Attracted a beauty salon office that appreciates the Ginza location as a successor tenant to the food and beverage blocks.



### G-Bldg. Jingumae 09 (Shibuya-ku, Tokyo)



**Demand for tenancy is on the increase and prompt lease-up is planned**

- An art gallery store moved in as a regular store in March
- Currently negotiating with prospective tenants for a large vacant block
- Collected rent by using demand for pop-ups to fill vacant space during the period

Aug. 2021

90.2%

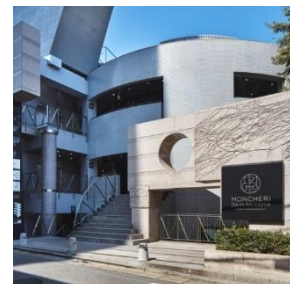
Feb. 2022

58.0%

Mar. 2022

68.7%

### JMF-Bldg. Daikanyama 01 (Shibuya-ku, Tokyo)



**Increased occupancy by services tenants helped reduce vacancies**

- A veterinary hospital and a simulation golf course occupied the two blocks out of three that were vacant at the beginning of the period
- Continued leasing of one remaining vacant block

Aug. 2021

61.3%

Feb. 2022

81.3%

Apr. 2022

89.9% (Forecast)

### G-Bldg. Nagoya Sakae 01 (Nagoya-shi, Aichi)



**Lease-up progressed due to occupancy by services tenants**

- One block out of three that were vacant at the beginning of the period is occupied
- A medical tenant moved into the middle floor
- There are specific tenant candidates for the remaining two blocks

Aug. 2021

24.8%

Feb. 2022

24.8%

Apr. 2022

50.9% (Forecast)

### G-Bldg. Shinsaibashi 03 (Osaka-shi, Osaka)



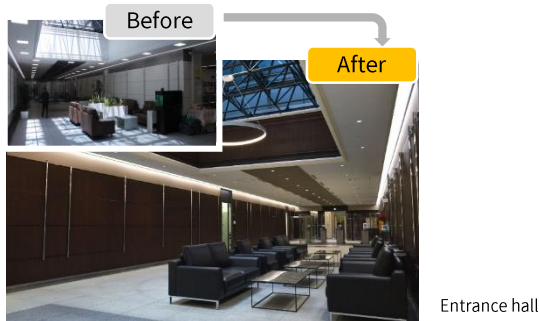
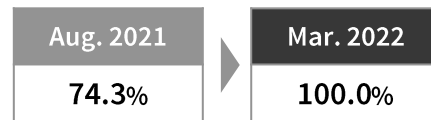
**Negotiations are under way with new tenant candidates**

- Currently under negotiation regarding restoration obligations and usage fee with a former core tenant of Building
- Looking to strategically attract tenants with various needs for retail space including pop-up stores

## JMF-Bldg. Toyochō 02 (Koutō-ku, Tokyo)

**Met tenant needs and achieve to full occupancy through renovation of entrance hall and common areas**

- Six blocks that were vacant at the beginning of the period were fully occupied in March

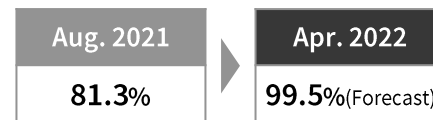


## JMF-Bldg. Ichigaya 01 (Chiyoda-ku, Tokyo)



**Office block is scheduled to be full occupancy**

- Four blocks (three office blocks and one residence block) were vacant at the beginning of the period
- The office blocks are scheduled to be fully occupied in April



## JMF-Bldg. Shibuya 03 (Shibuya-ku, Tokyo)



**Vacancies decreased from the previous period**

- Three out of four blocks that were vacant at the beginning of the period were occupied by attracting services tenants, etc.
- One vacant block is scheduled to be fully occupied in May

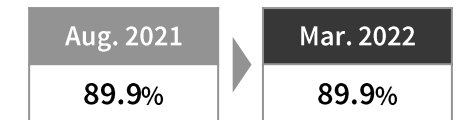


## JMF-Bldg. Shibuya 02 (Shibuya-ku, Tokyo)



**Focusing on leasing**

- Leasing has been under way for one vacant block since the beginning of the period

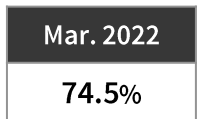


## JMF-Bldg. Akasaka 02 (Minato-ku, Tokyo)



**Tenancy applications are increasing**

- Four floors were vacated at the end of December 2021 due to the cancellation expected at the time of acquisition
- Received tenancy applications from services tenants, etc. with favorable terms





## Twin 21 (Osaka-shi, Osaka)



**Expect annual rent income increase of approximately 60 million yen / FP (effect on the DPU: +8 yen) due to rent increases, lease-ups, etc.**

### OBP Panasonic Tower



Agreed with Panasonic Corporation, which is renting one building, to re-sign the contract with a rent increased by approx. 4%

Contract start date	April 1, 2022
Contract period	3.5 years*
Rent increase	+3.8%

- \* Due to the office consolidation to the head office and other reasons, the upper floors are scheduled to be vacated by the end of March 2024. The lower floors are scheduled to be vacated at the end of September 2025, when the contract expires
- \* Some blocks may remain occupied

### MID Tower



Successfully leased up over 1,200m<sup>2</sup> of vacant space and renewed five additional contracts with higher rents

### OBP Enkei Hall



Converted an event hall to an office space then signed a long-term lease contract with a major gaming company



Previous hall

Aug. 2021	Mar. 2022
96.8%	98.0%

## JMF-Bldg. Osaka Fukushima 01 (Osaka-shi, Osaka)



### Return to full occupancy

- Two blocks that were vacant at the beginning of the period were fully occupied in March
- Furthermore, rent will be increased due to tenant replacement in the lower commercial blocks

Aug. 2021	Mar. 2022
90.8%	100.0%

## JMF-Bldg. Nishi Hommachi 01 (Osaka-shi, Osaka)

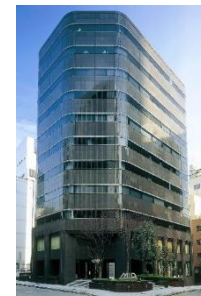


### Vacancies decreased from the previous period

- One block out of two that were vacant at the beginning of the period is occupied

Aug. 2021	Mar. 2022
91.5%	96.8%

## JMF-Bldg. Imabashi 01 (Osaka-shi, Osaka)



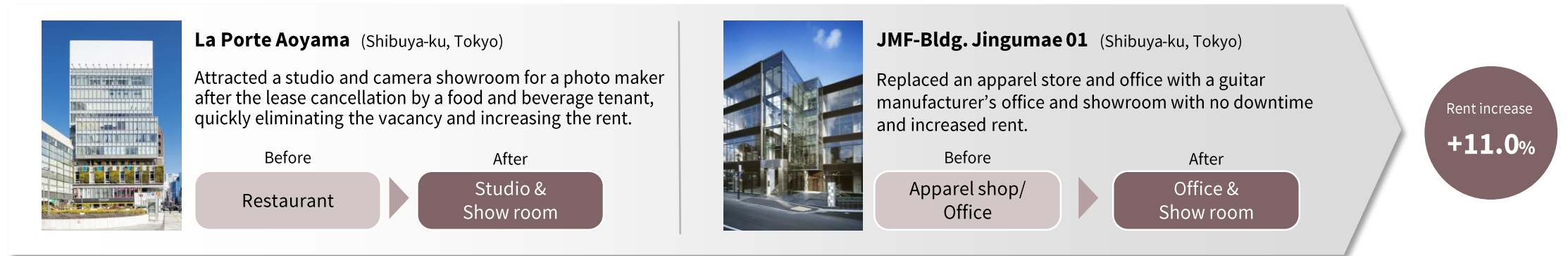
### Return to full occupancy

- One block vacant at the beginning of the period was fully occupied in March

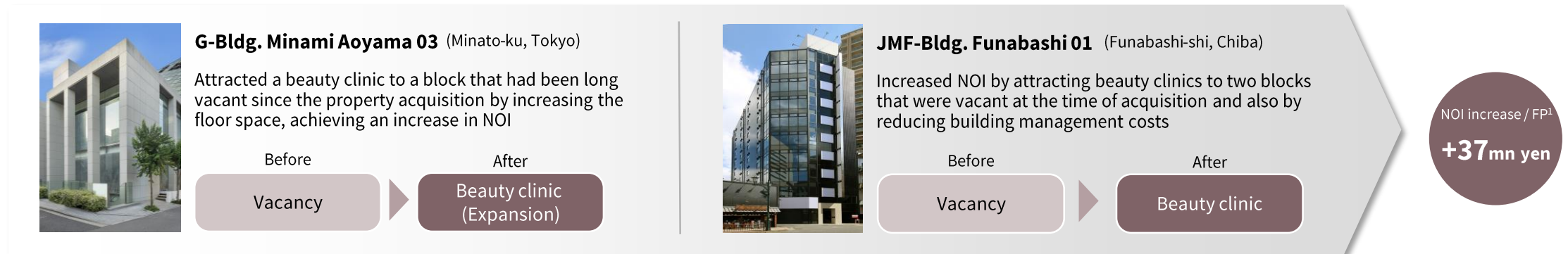
Aug. 2021	Mar. 2022
93.9%	100.0%

# Seek the best use of properties by capturing changes in the operating environment

## Captured the increasing need for showroom space in central Tokyo and achieved rent increase through tenant replacement



## Captured the increasing tenancy needs from beauty business, eliminating blocks vacant since the acquisition and improving NOI



1. The increase of revenue-based rent is not included.

## mozo wonder city (Nagoya-shi, Aichi)

### Reflected changes in consumer behavior during the COVID-19 pandemic in renewal

#### Changes in consumer behavior during the COVID-19 pandemic

- **Increased purchasing opportunities at facilities near home** due to increased remote work
- **Decreased desire to purchase fashion products** due to fewer opportunities to go out
- **Increase in take-out food and beverages** due to enhanced awareness of hygiene
- **Improved awareness of sustainability**
- **Active use of online services** such as e-commerce

#### Main renewal

##### Created a new food sales zone

Attracted many grocery stores and popular local street stores such as bakeries and confectioneries



Image of food sales zone

##### Promoted sustainability initiatives

Established industry-university partnerships with local universities and set up pop-up stores under the theme of sustainability



A pop-up store with a focus on sustainability

Expenditure  
**620mn yen**

Estimated  
Increase in NOI<sup>1</sup>  
**54mn yen**

ROI<sup>2</sup>  
**8.8%**

## KAWASAKI Le FRONT (Kawasaki-shi, Kanagawa)

### Achieved an annual rent increase of over 12 million yen / FP by increasing the floor space of an electronics retail store; expecting another upside by replacing an apparel tenant with a service tenant

Achieved an annual rent increase by expanding the floor space of an electronics retail store adjacent to a restaurant that canceled their lease

Before

Restaurant

After

Home electronics  
(Expansion)

Renegotiated with the previous service tenant with a rent rise following increased inflow of customers after renewal

Before

Service tenant

After

Service tenant  
(Recontract)

## Machinoma Omori (Ota-ku, Tokyo)

### Increased sales by 1.5 times since opening, and implemented strategic tenant replacement

Successfully completed lease-up with no downtime after the lease cancellation by a apparel shop by expanding the floor space of an electronics retail store adjacent to the apparel shop

Before

Apparel shop

After

Home electronics  
(Expansion)

Replaced tenants with virtually no downtime after the lease cancellation by a nursing support office, and increased rent

Before

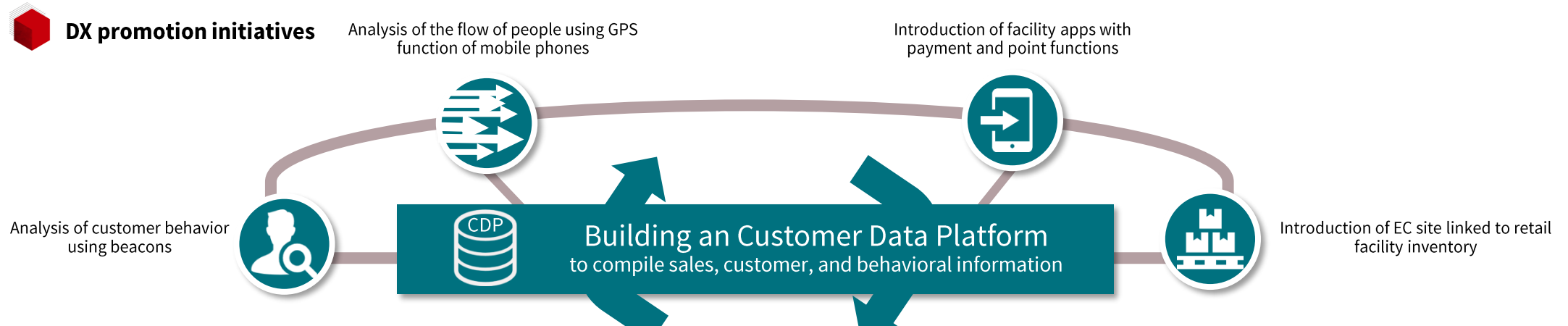
Nursing care  
support office

After

Preschool

1. (NOI after renewal project or estimated NOI) – (NOI before renewal project)  
2. NOI increase / Expenditures

# Evolution from ongoing efforts to promote DX to its use in area management

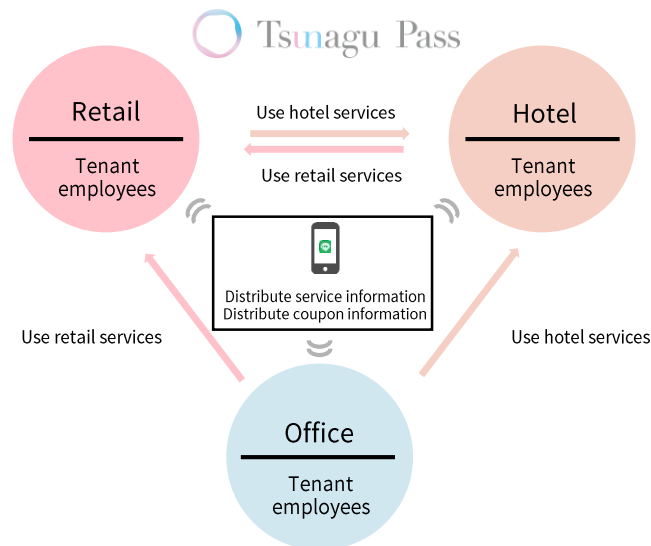


## Tsunagu Pass

### Launch dedicated LINE accounts for tenant companies, mainly in the Omotesando area

Cross-transfer services for employees of owned assets (properties) that cover multiple uses

Acquire many ancillary benefits from the linkage among owned assets



- Launch a platform for timely distribution of retail and hotel service information and coupons through official LINE accounts
- The transfer service is scheduled to be introduced to store staff, hotel staff, office workers, etc. at JMF-owned assets, mainly in the Omotesando area (8,000 employees at approximately 40 properties)

1. **Enhance recognition** of owned assets
2. **Create incentives** for mutual use among owned properties with different uses
3. **Increase sales** through mutual use
4. **Improve benefits** for tenant companies by improving employee satisfaction
5. **Accumulate behavioral data** through mutual use



# Minimal decline in appraisal value, with mostly unchanged cap rates despite decline in the office sector

	Appraisal Value <sup>1</sup>				Cap rates <sup>3</sup>		
	As of Aug. 31, 2021 <sup>2</sup> (mn yen)	As of Feb. 28, 2022 (mn yen)	Change		As of Aug. 31, 2021 <sup>2</sup> (%)	As of Feb. 28, 2022 (%)	Change (%)
Urban retail	678,355	669,805	-8,550	-1.3	3.90	3.91	+0.02
Mixed-use	201,230	199,280	-1,950	-1.0	3.71	3.70	-0.01
Office	228,730	229,210	+480	+0.2	3.55	3.49	-0.06
Hotel	12,440	12,450	+10	+0.1	4.01	4.01	+0.00
Residence	1,860	1,860	-	-	4.30	4.30	-
Suburban retail	196,690	196,500	-190	-0.1	4.90	4.88	-0.01
<b>Total / Average</b>	<b>1,319,305</b>	<b>1,309,105</b>	<b>-10,200</b>	<b>-0.8</b>	<b>3.96</b>	<b>3.95</b>	<b>-0.00</b>

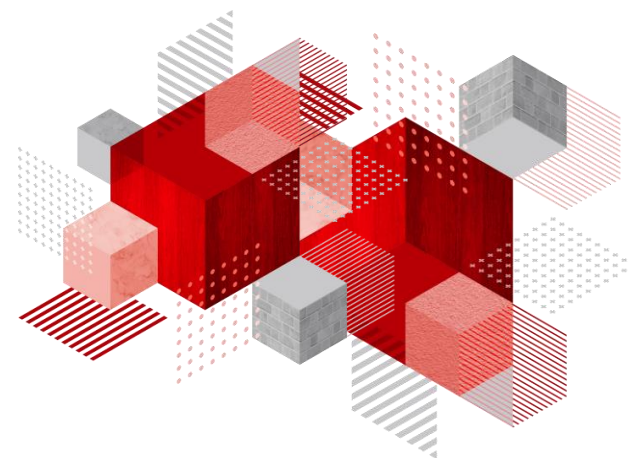
1. G-Bldg. Minami Aoyama 01 and G-Bldg. Shinjuku 01, which were disposed of in the Feb. 2022 (40th) period, are not included.

2. The appraisal values for JMF-Bldg. Hiroo 01, Funabashi 01, JMF-Bldg. Akasaka 02, and JMF-Residence Chihaya acquired during Feb. 2022 (40th) fiscal period, were added as of the time of their acquisitions. The appraisal values for G-Bldg. Ginza 01 and Valor Kachigawa (land with leasehold interest) which JMF partly disposed during the Feb. 2022 (40th) fiscal period were calculated by multiplying the jointly held ownership percentage to the appraisal value of the Aug. 2021 (39th) fiscal period.

3. Weighted average of direct cap rates at appraisal value. (excluding properties to which the direct capitalization method is not applied)

JMF  
03

# Finance



# Aim to reduce debt cost by maintaining a strong balance sheet

## Financial Indicators

Credit ratings (JCR)	<b>AA</b> (Stable)
LTV <sup>1</sup>	<b>44.1%</b>
LTV (based on appraisal value) <sup>2</sup>	<b>39.3%</b>
Average debt cost <sup>3</sup>	<b>0.73%</b>
Average loan term remaining <sup>4</sup>	<b>4.6years</b>
Long-term borrowing ratio <sup>5</sup>	<b>98.9%</b>
Fixed-interest ratio	<b>94.0%</b>

### Benchmark

LTV benchmark: **40% - 50%**  
Acquisition capacity: **Approx. 21bn yen**  
(from LTV 44.1% to 45.0%)

## Latest Refinancing (Dec. 21, 2021 – Apr. 1, 2022)

	Before		After
Amount	23,500mn yen		23,500mn yen
Avg. term	6.1 years		7.1 years
Avg. debt cost <sup>6</sup>	0.92%		0.58%

Effect on  
the DPU<sup>7</sup>  
**+6yen**

## Borrowings maturing within 5 periods (Long-term Fixed and Investment Corporation Bond Only)

	Aug. 2022 Period (41st)	Feb. 2023 Period (42nd)	Aug. 2023 Period (43rd)	Feb. 2024 Period (44th)	Aug. 2024 Period (45th)	Total/ Average
Amount	20,900mn yen	14,500mn yen	26,900mn yen	19,500mn yen	33,700mn yen	115,500mn yen
Avg. term	7.4 years	8.4 years	7.4 years	9.2 years	7.4 years	7.8 years
Avg. debt cost <sup>6</sup>	0.95%	1.06%	0.90%	1.14%	0.64%	0.89%

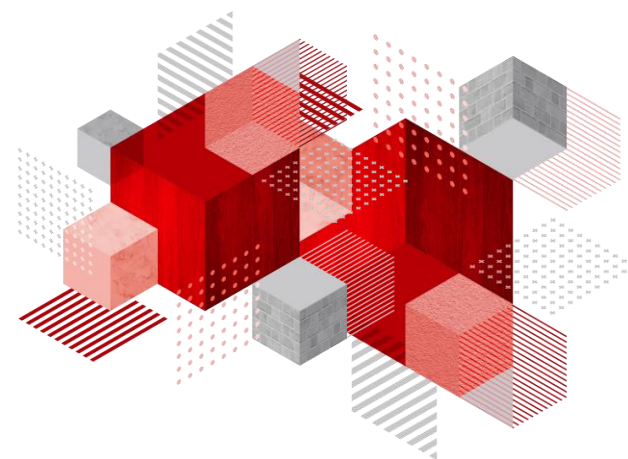
If refinanced at 0.7%, effect on the DPU<sup>7</sup>

**+15yen**

\* Please refer to page 37 for the notes to this page.

JMF  
04

**ESG**



# Implementing initiatives to achieve the targets set out in the medium- and long-term KPIs

## Obtain ESG ratings from external evaluation agencies

### Topics

- Received the highest GRESB rating of 5 Star
- Earned a record score in the CDP Climate Change Program



GRESB Real Estate Assessment

**5 star**

CDP Climate Change Program

**A-**

MSCI ESG Rating

**BBB**

**2021 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX**

**Selected**

## Increase the ratio of properties with environmental certifications

Target  
**75%**

### Topics

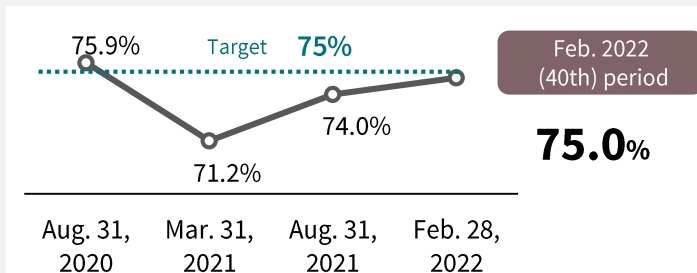
- Newly obtained green building certifications for 4 properties
- Ratio of properties with environmental certifications increased to 75.0%

CASBEE  
for Building Certificates

Newly certificated

**3 properties**Tokyo Low-Carbon Small and  
Medium-Sized Model Building**1 property**

### Trend in the ratio of properties with environmental certifications



## Reduce CO<sub>2</sub> emissions

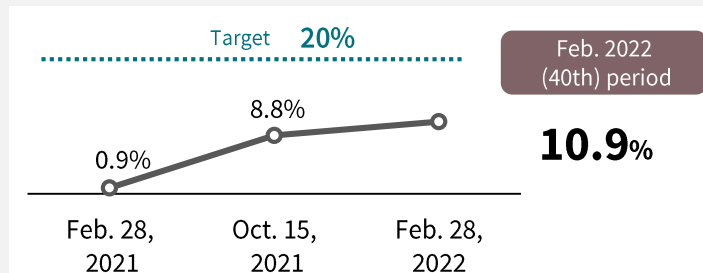
CO<sub>2</sub> emissions<sup>2</sup>  
**201,023tCO<sub>2</sub>**

### Topics

- Conducted energy-saving construction works at 15 properties
- Increased the ratio of renewable energy

Estimated CO<sub>2</sub>  
emissions/year<sup>3</sup>Energy-saving  
construction**15 properties****-333tCO<sub>2</sub>**Increase in the share of  
renewable energy  
through new introduction**6 properties****-6,610tCO<sub>2</sub>**

### Trend in the ratio of renewable energy introduction



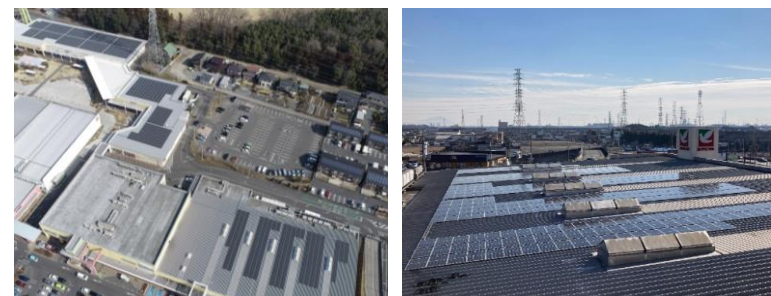
\* Please refer to page 37 for the notes to this page.

## Actively switch to electricity derived from renewable energy

	Renewable energy introduction	Introduction date	Estimated CO <sub>2</sub> emissions/year
	GYRE	Apr. 1, 2019	261
	G-Bldg. Sangenjaya 01	Apr. 1, 2020	156
	MARINE & WALK YOKOHAMA	May 1, 2020	1,581
	mozo wonder city	Apr. 1, 2021	11,773
Increase in the share of renewable energy	Nara Family	Jun. 1, 2021	3,506
	Kyoto Family	Jun. 1, 2021	1,133
	G-Bldg. Omotesando 02	Mar. 1, 2021	1,110
	JMF-Bldg. Abeno 01	Nov. 1, 2021	368
	pivo Izumi Chuo	Oct. 1, 2021	267
	G-Bldg. Jingumae 06	Dec. 1, 2021	153
	G-Bldg. Daikanyama 01	Dec. 1, 2021	155
	G-Bldg. Minami Aoyama 02	Dec. 1, 2021	161
	G-Bldg. Kita Aoyama 01	Dec. 1, 2021	41
New introduction	JMF-Bldg. Hiroo 01	Jan. 1, 2022	226
<b>14 properties</b>			<b>-20,891tCO<sub>2</sub>/year</b>

## New operation of a solar power service from March 2022

Adopted a solar PPA scheme at OYAMA YUEN HARVEST WALK (Oyama-shi, Tochigi) and started electricity supply without capital investment

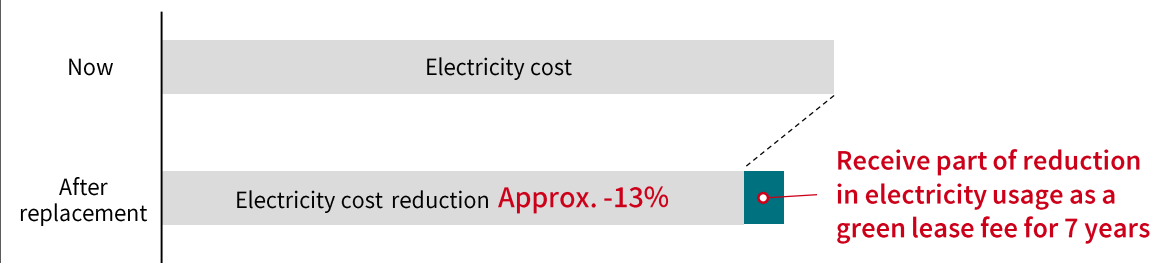


Estimated CO<sub>2</sub> emissions/year

**-350tCO<sub>2</sub>**

## Concluded a green lease agreement

A seven-year green lease agreement was concluded with AEON RETAIL Co., Ltd., the master lease tenant at AEON MALL Tsudanuma (Narashino-shi, Chiba), on adding the electricity cost reduction consideration for the replacement of LED fixtures for parking lot lighting to the rent



## Conduct renewal promoting local production for local consumption

Renewal work was conducted on the food court at Abiko Shopping Plaza in October 2021

### Points!

- Used timber produced in Chiba → **Local production for local consumption**
- Collaborated with local timber dealers → **Local collaboration**
- Utilized the subsidy → **Cost reduction**



Chiba prefecture subsidy  
“Projects promoting the development of towns scented with Chiba wood”

Receive a subsidy equivalent to **50%** of renewal work cost

## Actively implement initiatives through industry-academia collaboration

mozo wonder city × Nagoya University of the Arts

### Held events where students planned and experienced Japanese forests

- Held discussion events inviting guests related to forests as well as workshops using wood around once a month for two to three days
- Lessons were planned by students at Nagoya University of the Arts as part of class work



KAMISHIN PLAZA × Osaka University of Economics

### Signed a memorandum of joint cooperation utilizing its location in close proximity

- Provides location for faculty research and student training experiments
- Revitalizes the local community





## Launch of new management structure

The appointment of an Executive Director and Supervisory Directors was approved at the General Meeting of Unitholders held on Nov. 26, 2021. We will strive for JMF's further development to the best of our abilities, leveraging each director's knowledge.



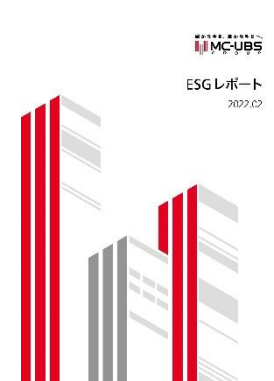
Masaharu Usuki Masahiko Nishida Osamu Ito

Title	Name	Reason for appointment	Attendance at Directors' Meetings in the 40 <sup>th</sup> period <sup>1</sup>
Executive Director	Masahiko Nishida	He was appointed, being judged as appropriate to execute the Executive Director's duties, as he is <b>an accounting expert</b> and <b>had been a Supervisory Director at JMF for a long time</b>	100% (13out of 13 meetings)
Supervisory Director	Masaharu Usuki	He was appointed, being judged as appropriate to supervise the Executive Director's activities from the standpoint of <b>an accounting expert</b>	100% (13 out of 13 meetings)
Supervisory Director	Osamu Ito	He was appointed, being judged as appropriate to supervise executive director's activities from the standpoint of <b>a legal expert</b>	100% (6 out of 6 meetings)

1. Mr. Masahiko Nishida attended the Directors' Meetings 7 times as a Supervisory Director, and 6 times as an Executive Director  
Attendance for Mr. Osamu Ito reflects the number of meetings he has attended after he has been appointed as Supervisory Director

## Actively disclose information

### Published ESG Report 2022



Announced ESG activities in the ESG Report on JMF's website

Download



### Communication with stakeholders

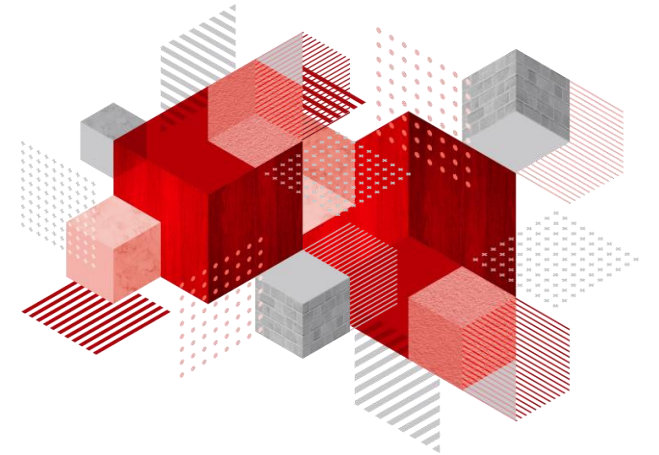
- Held the first online presentation on the management status for unitholders
- Held IR seminars for individual investors on a regular basis
- Held over 100 IR meetings with institutional investors



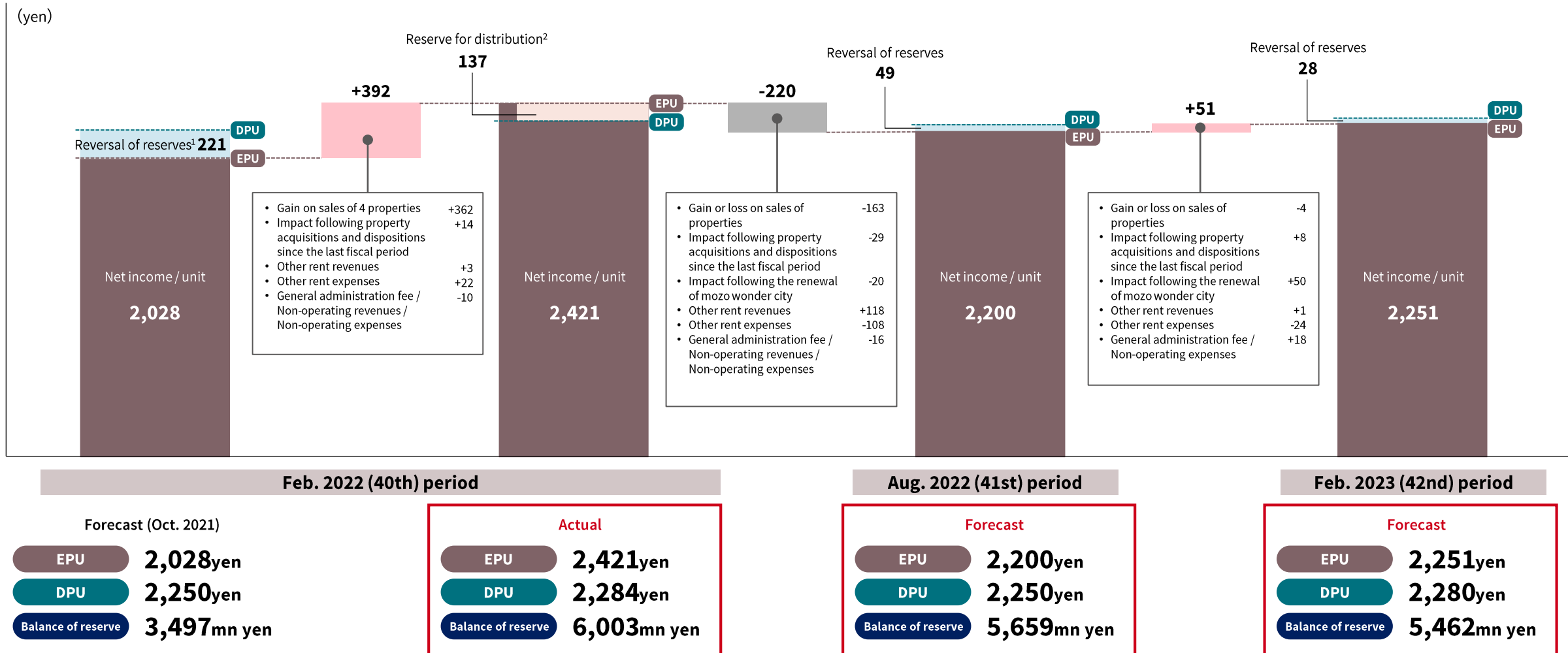
Presentation on management status for unitholders (online)



# Financial Results and Forecasts



# Continue to maintain and improve distributions by strategically utilizing disposition gains



1. Includes reversal of reserve for temporary difference adjustment to avoid additional tax burden due to tax association discrepancy

2. The amount obtained by subtracting the reversal of reserve for temporary difference adjustment to avoid additional tax burden due to accounting-tax inconsistency from the reserve for reduction entry of property.

## Highlights of Feb. 2022 Period (40<sup>th</sup>)

	Feb. 2022 (40 <sup>th</sup> ) period Forecast on Oct. 2021	Feb. 2022 (40 <sup>th</sup> ) period Actual	Change		Comments
Operating revenue	37,887 mn yen	<b>40,598</b> mn yen	+2,711 mn yen	+7.2 %	<ul style="list-style-type: none"> <li>Gain on sales of properties</li> <li>Decrease in rent reduction due to COVID-19</li> </ul>
Operating income	16,107 mn yen	<b>18,808</b> mn yen	+2,700 mn yen	+16.8 %	<ul style="list-style-type: none"> <li>Decrease in rent expenses due to repair expenses</li> <li>Increase in general administration fees</li> </ul>
Net income	14,179 mn yen	<b>16,924</b> mn yen	+2,744 mn yen	+19.4 %	<ul style="list-style-type: none"> <li>Increase in non-operating income mainly from subsidies granted following COVID-19 prevention measures</li> </ul>
Allocation to reserve	-	<b>1,160</b> mn yen	+1,160 mn yen	-	
Reversal of reserve	1,545 mn yen	<b>199</b> mn yen	-1,346 mn yen	-87.1 %	
Total distribution	15,725 mn yen	<b>15,963</b> mn yen	+237 mn yen	+1.5 %	
Distribution per unit (DPU)	2,250 yen	<b>2,284</b> yen	+34 yen	+1.5 %	
FFO per unit <sup>1</sup>	2,969 yen	<b>2,985</b> yen	+16 yen	+0.5 %	
【Reference】					
Rent NOI <sup>2</sup> : excl. gain or loss on sales of property	26,897 mn yen	<b>27,094</b> mn yen	+197 mn yen	+0.7 %	
Gain or loss on sales of property	-	<b>2,532</b> mn yen	+2,532 mn yen	-	
Depreciation	6,113 mn yen	<b>6,023</b> mn yen	-89 mn yen	-1.5 %	
Amount related to depreciation of goodwill	401 mn yen	<b>401</b> mn yen	-	-	
Balance of reserve	3,497 mn yen	<b>6,003</b> mn yen	+2,506 mn yen	+71.7 %	

1. FFO=Net income ± Gain or Loss on sales of property + Depreciation + Other property-related depreciation related property + Amortization of goodwill + Depreciation of deferred assets ± Extraordinary gain or loss  
2. Including dividends income

## Forecast of Aug. 2022 Period (41<sup>st</sup>)

	Feb. 2022 (40 <sup>th</sup> ) period Actual	Aug. 2022 (41 <sup>st</sup> ) period Revised Forecast	Change		Comments
Operating revenue	40,598 mn yen	<b>40,660</b> mn yen	+62 mn yen	+0.2 %	<ul style="list-style-type: none"> <li>Decrease in gain on sales of properties</li> <li>Increase in penalty income</li> </ul>
Operating income	18,808 mn yen	<b>17,357</b> mn yen	-1,450 mn yen	-7.7 %	<ul style="list-style-type: none"> <li>Loss on sales of properties</li> <li>Increase in rent expenses due to utilities and repairs</li> </ul>
Net income	16,924 mn yen	<b>15,380</b> mn yen	-1,543 mn yen	-9.1 %	<ul style="list-style-type: none"> <li>Decrease in non-operating income</li> </ul>
Allocation to reserve	1,160 mn yen	-	-1,160 mn yen	-	
Reversal of reserve	199 mn yen	<b>344</b> mn yen	+145 mn yen	+73.1 %	
Total distribution	15,963 mn yen	<b>15,725</b> mn yen	-237 mn yen	-1.5 %	
Distribution per unit (DPU)	2,284 yen	<b>2,250</b> yen	-34 yen	-1.5 %	
FFO per unit <sup>1</sup>	2,985 yen	<b>2,931</b> yen	-54 yen	-1.8 %	
【Reference】					
Rent NOI <sup>2</sup> : excl. gain or loss on sales of property	27,094 mn yen	<b>26,794</b> mn yen	-300 mn yen	-1.1 %	
Gain or loss on sales of property	2,532 mn yen	<b>1,389</b> mn yen	-1,142 mn yen	-45.1 %	
Depreciation	6,023 mn yen	<b>6,006</b> mn yen	-17 mn yen	-0.3 %	
Amount related to depreciation of goodwill	401 mn yen	<b>401</b> mn yen	-	-	
Balance of reserve	6,003 mn yen	<b>5,659</b> mn yen	-344 mn yen	-5.7 %	

1. FFO=Net income ± Gain or Loss on sales of property + Depreciation + Other property-related depreciation related property + Amortization of goodwill + Depreciation of deferred assets ± Extraordinary gain or loss  
2. Including dividends income

## Forecast of Feb. 2023 Period (42<sup>nd</sup>)

	Aug. 2022 (41 <sup>st</sup> ) period Revised Forecast	Feb. 2023 (42 <sup>nd</sup> ) period Forecast	Change		Comments
Operating revenue	40,660 mn yen	<b>40,454</b> mn yen	-205 mn yen	-0.5 %	<ul style="list-style-type: none"> <li>Decrease in gain on sales of properties</li> <li>Increase in revenue based rent</li> <li>Absence of penalty income</li> </ul>
Operating income	17,357 mn yen	<b>17,674</b> mn yen	+316 mn yen	+1.8 %	<ul style="list-style-type: none"> <li>Absence of loss on sales of properties</li> <li>Decrease in general administration fees</li> </ul>
Net income	15,380 mn yen	<b>15,738</b> mn yen	+357 mn yen	+2.3 %	<ul style="list-style-type: none"> <li>Decrease in interest payments</li> </ul>
Allocation to reserve	-	-	-	-	
Reversal of reserve	344 mn yen	<b>196</b> mn yen	-148 mn yen	-42.9 %	<ul style="list-style-type: none"> <li>Reversal of reserve to avoid additional tax burden due to tax association discrepancy</li> </ul>
Total distribution	15,725 mn yen	<b>15,935</b> mn yen	+209 mn yen	+1.3 %	
Distribution per unit (DPU)	2,250 yen	<b>2,280</b> yen	+30 yen	+1.3 %	
FFO per unit <sup>1</sup>	2,931 yen	<b>2,982</b> yen	+51 yen	+1.7 %	
【Reference】					
Rent NOI <sup>2</sup> : excl. gain or loss on sales of property	26,794 mn yen	<b>27,022</b> mn yen	+227 mn yen	+0.9 %	
Gain or loss on sales of property	1,389 mn yen	<b>1,355</b> mn yen	-34 mn yen	-2.5 %	
Depreciation	6,006 mn yen	<b>5,973</b> mn yen	-32 mn yen	-0.5 %	
Amount related to depreciation of goodwill	401 mn yen	<b>401</b> mn yen	-	-	
Balance of reserve	5,659 mn yen	<b>5,462</b> mn yen	-196 mn yen	-3.5 %	

1. FFO=Net income ± Gain or Loss on sales of property + Depreciation + Other property-related depreciation related property + Amortization of goodwill + Depreciation of deferred assets ± Extraordinary gain or loss  
2. Including dividends income

P.17

1. It is intended for the spaces which will come into the due timing to the expiration of the ordinary building lease contract or fixed-term building lease contract of the tenants during the fiscal period ending Feb. 2022 (40<sup>th</sup> fiscal period) and which is vacant at the beginning of the fiscal period ending Feb. 2022 (40<sup>th</sup> fiscal period).
2. Excluded master lease contracts and temporary use contracts.
3. Calculated by the difference of monthly rent before revision and monthly rent after revision converted to semi-annualized basis and divided it by the issued investment units as of Feb. 2022 (40<sup>th</sup>) period.
4. Calculated by (monthly rent after lease contract renewal – monthly rent before lease contract renewal) / monthly rent before lease contract renewal

P.26

1. It is calculated by dividing the total interest-bearing debt as of the end of Feb. 2022 (40<sup>th</sup>) Period by the total assets as of the end of the Feb. 2022 (40<sup>th</sup>).
2. It is calculated by dividing the total interest-bearing debt as of the end of Feb. 2022 (40<sup>th</sup>) Period by the sum of the unrealized gain or loss and the total assets as of the end of Feb. 2022 (40<sup>th</sup>) Period.
3. It is calculated by dividing the annual total of interest for debt and investment corporation bonds, loan-related expenses, expenses for issuance and redemption of investment corporation bonds and custodial fees of investment corporation bonds as of the end of Feb. 2022 (40<sup>th</sup>) Period, by the total interest-bearing as of the end of Feb. 2022 (40<sup>th</sup>) Period.
4. The figure is a weighted average of remaining loan terms based on the amount of interest-bearing as of the end of Feb. 2022 (40<sup>th</sup>) Period.
5. Long-term loans and investment corporation bonds that become due within one year are included in the long-term borrowing.
6. This includes loan-related fees, etc.
7. Calculated by the difference of debt cost before refinancing and debt cost after refinancing converted to semi-annualized basis and divided it by the issued investment units as of this document.

P.28

1. Total floor area basis (excluding land with leasehold interest assets)
  2. CO<sub>2</sub> emissions of the portfolio from March 1, 2020 to the end of February 2021.
  3. Calculated based on CO<sub>2</sub> emissions from March 1, 2020 to the end of February 2021. The same shall apply hereinafter.
  4. Calculated based on electricity consumption from March 1, 2020 to the end of February 2021.
- \* The inclusion of JRF in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of JRF by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI.  
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# Japan Metropolitan Fund Investment Corporation

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- This material may contain information such as data on future performance, plans, management targets, and strategies. Such descriptions with regard to the future are based on current hypotheses and assumptions about future events and trends in the business environment, but these hypotheses and assumptions are not necessarily correct. As such, actual results may vary significantly due to various factors.
- This material is prepared based on Japanese accounting principles unless otherwise noted.
- This material is to be used for analyzing the financial results of JMF, and is not prepared for the purpose of soliciting the acquisition of JMF's investment securities or the signing of financial instruments contracts. When investing, we ask investors to invest on their own responsibility and their own judgment.
- JMF is a publicly-offered real estate investment corporation (J-REIT) investing in real estate and related assets the prices of which may fluctuate. Unitholders of the Investment Corporation may suffer loss when unit prices decline in the market or an amount of distributions declines, according to economic and interest rate circumstances, a balance of supply and demand for units, real estate market environment, fluctuations of prices of, and rent revenues from real estate properties under management, disasters, aggravation of financial status of JMF and other reasons. For details, please see "Investment Risk" in the Securities Registration Statement (offering circular) and the Securities Report of JMF.

**Asset Management Company : KJR Management**

(Financial Instruments Dealer Director of Kanto Financial Bureau (Financial Instruments Dealer) Number 403, Member of The Investment Trusts Association, Japan)